



# AOBA Utility Regulatory & Energy Market Update

**February 7, 2023**

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## D.C. Solar RPS Changes

- The Bill amends the Renewable Energy Portfolio Standard Act of 2004 to increase the renewable portfolio standard for local solar carveout from 10% to 15% by 2041, with accompanying incremental increases in the solar carveout each year up to that point.
- The Bill maintains the Alternative Compliance Payment (“ACP”) that electricity providers must pay if they fall short of the solar target. The ACP is effectively the enforcement mechanism, i.e., penalty.
- Under current law, that penalty would begin to phase out rapidly beginning in 2024. This legislation makes the phase-out of the penalty more gradual over the next decade compared to the current schedule.
- Specifically, this Bill changed the ACP schedule to drop by \$20 a year (per mWh; 2 cents per kWh) starting in 2024 until it reaches \$300 per mWh in 2033, and from then on it stays at the same rate as under current law.

# DC Local Solar Expansion Act of 2022

## *Legislative History*

- *The Local Solar Expansion Act* passed the DC Council by final vote on December 20, 2022.
- The Bill was signed by the Mayor on January 10<sup>th</sup> and enacted with Act # A24-0742.
- The Bill was transmitted to Congress on January 26<sup>th</sup> for a 30 day Congressional approval period.
- The law will be effective on March 1, 2023, or whenever Congress approves it, whichever is later.
- The Bill, as sent to Congress, is available [here >](#) and includes all final amendments to the Bill. The full legislative history is available [here >](#)



# DC Local Solar Expansion Act of 2022

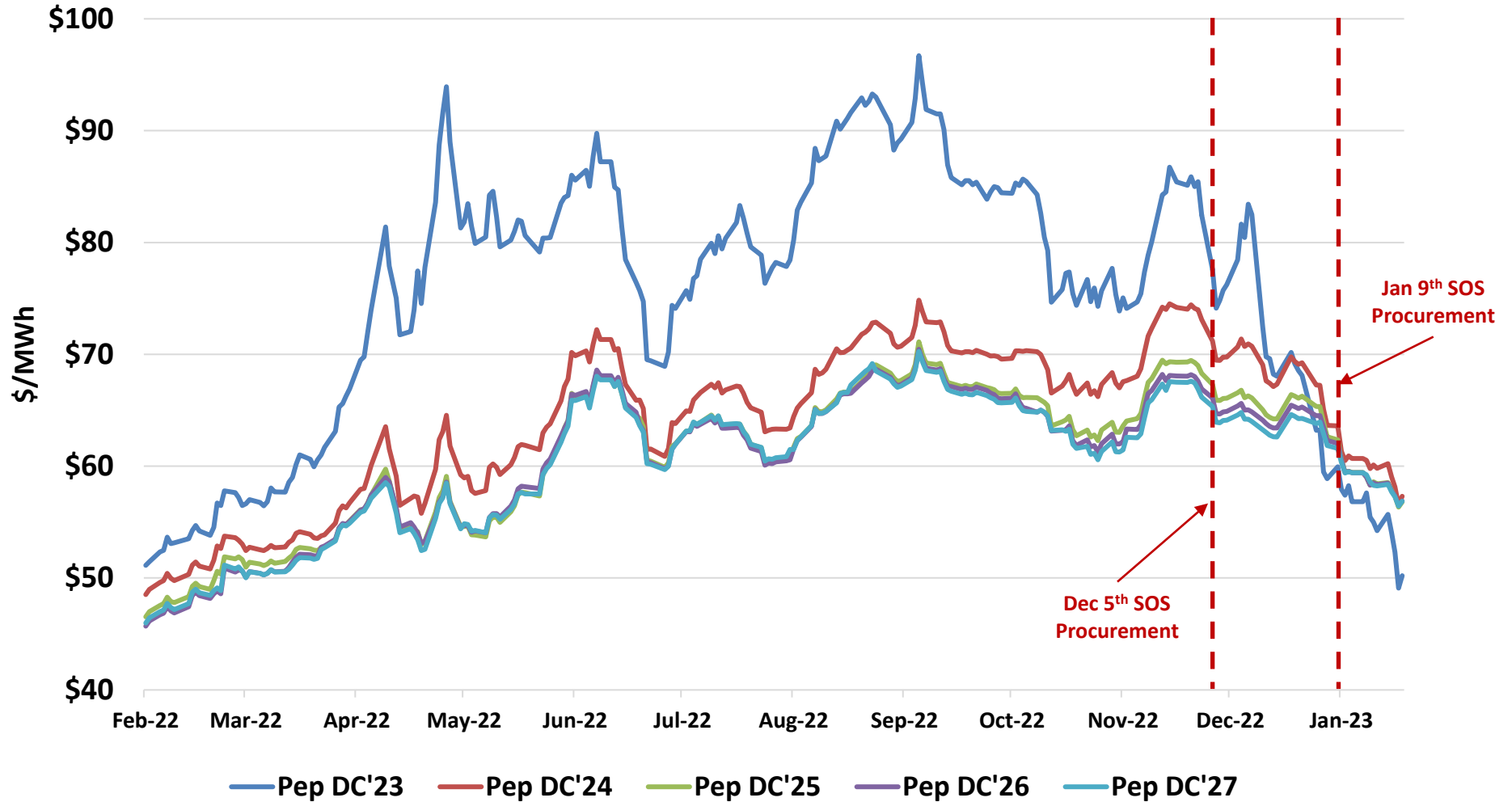
Year	Previous	New Legislation	Annual Increase	Previous ACP Price	New ACP Price	Annual Increase
2023	2.85%	<b>3.00%</b>	<b>0.15%</b>	\$ 500.00	\$ 500.00	<b>0.0%</b>
2024	3.15%	<b>3.65%</b>	<b>0.50%</b>	\$ 400.00	\$ 480.00	<b>20.0%</b>
2025	3.45%	<b>4.30%</b>	<b>0.85%</b>	\$ 400.00	\$ 460.00	<b>15.0%</b>
2026	3.75%	<b>5.00%</b>	<b>1.25%</b>	\$ 400.00	\$ 440.00	<b>10.0%</b>
2027	4.10%	<b>5.65%</b>	<b>1.55%</b>	\$ 400.00	\$ 420.00	<b>5.0%</b>
2028	4.50%	<b>6.30%</b>	<b>1.80%</b>	\$ 400.00	\$ 400.00	<b>0.0%</b>
2029	4.75%	<b>7.00%</b>	<b>2.25%</b>	\$ 300.00	\$ 380.00	<b>26.7%</b>
2030	5.00%	<b>7.65%</b>	<b>2.65%</b>	\$ 300.00	\$ 360.00	<b>20.0%</b>
2031	5.25%	<b>8.30%</b>	<b>3.05%</b>	\$ 300.00	\$ 340.00	<b>13.3%</b>
2032	5.50%	<b>9.00%</b>	<b>3.50%</b>	\$ 300.00	\$ 320.00	<b>6.7%</b>
2033	6.00%	<b>9.65%</b>	<b>3.65%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>
2034	6.50%	<b>10.30%</b>	<b>3.80%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>
2035	7.00%	<b>11.00%</b>	<b>4.00%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>
2036	7.50%	<b>11.65%</b>	<b>4.15%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>
2037	8.00%	<b>12.30%</b>	<b>4.30%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>
2038	8.50%	<b>13.00%</b>	<b>4.50%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>
2039	9.00%	<b>13.65%</b>	<b>4.65%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>
2040	9.50%	<b>14.30%</b>	<b>4.80%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>
2041	10.00%	<b>15.00%</b>	<b>5.00%</b>	\$ 300.00	\$ 300.00	<b>0.0%</b>



## D.C. Solar RPS Changes

Year	Load mwh	Solar Carve Out	SRECs required	SREC Price	Cost	\$/mwh		Increased Cost
2023	5,500	2.85%	157	\$ 500.00	\$ 78,375.00	\$ 14.25		
2023	5,500	3.00%	165	\$ 500.00	\$ 82,500.00	\$ 15.00		
						\$ 0.75	per mwh	\$ 4,125.00
Year	Load mwh	Solar Carve Out	SRECs required	SREC Price	Cost	\$/mwh		
2024	6,600	3.15%	208	\$ 400.00	\$ 83,160.00	\$ 12.60		
2024	6,600	3.65%	241	\$ 480.00	\$ 115,632.00	\$ 17.52		
						\$ 4.92	per mwh	\$ 32,472.00
Year	Load mwh	Solar Carve Out	SRECs required	SREC Price	Cost	\$/mwh		
2025	6,600	3.45%	228	\$ 400.00	\$ 91,080.00	\$ 13.80		
2025	6,600	4.30%	284	\$ 460.00	\$ 130,548.00	\$ 19.78		
						\$ 5.98	per mwh	\$ 39,468.00
Year	Load mwh	Solar Carve Out	SRECs required	SREC Price	Cost	\$/mwh		
2026	1,100	3.75%	41	\$ 400.00	\$ 16,500.00	\$ 15.00		
2026	1,100	5.00%	55	\$ 440.00	\$ 24,200.00	\$ 22.00		
						\$ 7.00	per mwh	\$ 7,700.00
								\$ 83,765

## PEPCO DC Forward Calendar Strips (1-Year Back)





## Pepco DC Rate Case Update

- Pepco filed new rates on July 29, 2022, as part of a multi year rate plan (“MRP”) that the Company proposed to be effective January 1, 2023. The PSC had authorized a \$38.38 million rate increase as part of Pepco’s MRP to be effective January 1, 2023.
- However, the proposed rates that Pepco filed on July 29, 2022, were designed to recover over \$70.70 million of additional revenue with nearly all of the added revenue imposed on the Company’s commercial classes.
- AOBA was the only party that challenged Pepco’s new billing determinants and compliance rates which would have increased rates by \$70.7 million to be implemented January 1, 2023. The DC PSC agreed with AOBA in its December 22, 2022, Order No. 21563 and directed Pepco to submit corrected compliance rates. AOBA was able to have Pepco’s initially requested compliance rates reduced by \$32.32 million. [Order No. 21563](#)
- Pepco filed its revised compliance rates consistent with the [DC PSC Order on January 11, 2023](#). These new revised rates went into effect January 1, 2023. The impact to Pepco’s distribution rates is significantly less than what Pepco originally provided in its July 29, 2022, preliminary filing (i.e., \$32.32 million less) and results in an increase of approximately 8% for all customer classes.

# Pepco DC Rate Case Update

## Pepco DC Compliance Filing Rates

	January 1, 2022	January 1, 2023	% Change
<b>MGT_LV</b>			
Customer Charge	\$ 237.00	\$ 237.00	<b>0.0%</b>
Distribution Charges per kwh	\$ 0.01609	\$ 0.01744	<b>8.4%</b>
Demand Charges per kW	\$ 16.60	\$ 17.98	<b>8.3%</b>

	January 1, 2022	January 1, 2023	% Change
<b>GT_LV</b>			
Customer Charge	\$ 1,908.28	\$ 1,908.28	<b>0.0%</b>
Distribution Charges per kwh	\$ 0.01485	\$ 0.01610	<b>8.4%</b>
Demand Charges per kW	\$ 15.12	\$ 16.38	<b>8.3%</b>

	January 1, 2022	January 1, 2023	% Change
<b>MMA</b>			
Customer Charge	\$ 8.64	\$ 5.44	<b>-37.0%</b>
Distribution Charges per kwh	\$ 0.03012	\$ 0.04229	<b>40.4%</b>
Demand Charges per kW	N/A	N/A	





<b>Potomac Electric Power Company</b>				
<i>DCPSC Formal Case No. 1156</i>				
<b>Impact of Pepco 1/11/2023 CY 2023 Compliance Filing</b>				
<i>From Class Rate Design Detail: 1/11/23 Att C, pages 5-20 of 31</i>				
				Compliance
	<b>Class Revenue Requirements</b>			CY 2023
	At Current	January 11, 2023	Change in	Revenue
Rate	Rates	At Compliance	Revenue	Requirement
		Rates	Requirement	Increase %
R	\$ 90,298,125	\$ 96,946,378	\$ 6,648,253	7.4%
MMA	\$ 12,571,691	\$ 13,601,218	\$ 1,029,527	8.2%
GS-ND	\$ 15,900,854	\$ 17,224,286	\$ 1,323,432	8.3%
T	\$ 1,541,009	\$ 1,666,133	\$ 125,124	8.1%
GSD-LV	\$ 37,611,279	\$ 40,769,320	\$ 3,158,041	8.4%
GS-3A	\$ 51,756	\$ 51,756	\$ -	0.0%
MGT-LV	\$ 156,385,721	\$ 169,264,971	\$ 12,879,250	8.2%
GT-LV	\$ 89,381,016	\$ 96,694,190	\$ 7,313,174	8.2%
GT-3A	\$ 61,324,319	\$ 66,428,538	\$ 5,104,219	8.3%
GT-3B	\$ 497,237	\$ 539,490	\$ 42,253	8.5%
RT	\$ 7,953,600	\$ 8,617,802	\$ 664,202	8.4%
SL-S	\$ 716,878	\$ 757,192	\$ 40,314	5.6%
SL-E	\$ 517,694	\$ 556,948	\$ 39,254	7.6%
TS	\$ 237,800	\$ 258,312	\$ 20,512	8.6%
TN	\$ 73,873	\$ 73,873	\$ -	0.0%
<b>Total</b>	<b>\$ 475,062,852</b>	<b>\$ 513,450,407</b>	<b>\$ 38,387,555</b>	<b>8.1%</b>



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## Pepco Maryland Rate Case

- The final Rate Year 3 of Pepco’s multi-year rate plan will begin April 1, 2023, and end March 31, 2024, with distribution rates increasing by \$15.3 million.
- It is expected that Pepco will file a new base rate case or another multi-year rate plan in 2023, which could be effective April 1, 2024.
- On June 28, 2021, the Maryland Public Service Commission authorized a revenue increase for Pepco Maryland of \$52.2 million over the next three years (Maryland PSC Order No. 89868) and approval of its MRP.
- Pepco filed its Application for an Electric Multi-Year Rate Plan (“MRP”) with the Commission on October 26, 2020. In its Application, Pepco proposed a three-year MRP that would cover the time period of April 1, 2021, through March 31, 2024, with annual rate increases occurring each April. Pepco’s initial request sought \$104.1 million over the three-year period.

[MD Case 9655](#)



# Pepco MD Rate Update

## Pepco MD Compliance Filing Rates

	April 1, 2022	April 1, 2023	% Change
<b>MGT_LV</b>			
Customer Charge	\$ 46.24	\$ 46.24	<b>0.0%</b>
Distribution Charges per kwh	\$ 0.02064	\$ 0.02146	<b>4.0%</b>
Demand Charges per kW	\$ 3.34	\$ 3.41	<b>2.2%</b>

	April 1, 2022	April 1, 2023	% Change
<b>GT_LV</b>			
Customer Charge	\$ 375.70	\$ 375.70	<b>0.0%</b>
Distribution Charges per kwh	\$ 0.02052	\$ 0.02133	<b>3.9%</b>
Demand Charges per kW	\$ 3.78	\$ 3.86	<b>2.1%</b>

	April 1, 2022	April 1, 2023	% Change
<b>GT 3A</b>			
Customer Charge	\$ 43.91	\$ 43.91	<b>0.0%</b>
Distribution Charges per kwh	\$ 0.01236	\$ 0.01296	<b>4.9%</b>
Demand Charges per kW	\$ 2.52	\$ 2.60	<b>3.0%</b>



# Pepco MD Rate Update

Table 1. Average Customer Bill Impacts

Rate Schedule	Bill Impact	Distribution Bill	Total Bill (MC County)	Total Bill (PG County)
	(\$) RY3	(%) RY3	(%) RY3	(%) RY3
R	\$ 2.51	4.3%	1.9%	1.9%
RTM	\$ 3.53	4.3%	1.8%	1.8%
GS LV	\$ 2.01	3.1%	1.3%	1.4%
MGT LV	\$ 21.27	2.9%	0.9%	0.9%
MGT 3A	\$ 208.34	4.0%	0.8%	0.9%
GT LV	\$ 313.44	2.7%	1.5%	1.8%
GT 3A	\$ 1,502.26	3.7%	1.6%	2.1%
GT 3B	\$ -	-	-	-



# Pepco MD Rate Update

Pepco MD	MGT_LV Model	
Pepco Distribution Costs	\$\$\$	\$/kwh
CY 2022	\$ 53,071.94	\$ 0.06087
CY 2023	\$ 55,277.20	\$ 0.06340
<b>Delta</b>		<b>4.2%</b>

Pepco MD	GT_LV Model	
Pepco Distribution Costs	\$\$\$	\$/kwh
CY 2022	\$ 261,136.99	\$ 0.06515
CY 2023	\$ 271,088.76	\$ 0.06763
<b>Delta</b>		<b>3.8%</b>



## Washington Gas Virginia Rate Increase

- Washington Gas filed an application with the Virginia State Corporation Commission on June 29, 2022, requesting an increase in rates of \$48.0 million, **in addition** to the transfer of \$38.6 million of the costs of investments in infrastructure replacements made pursuant to the Company's Steps to Advance Virginia's Energy Plan ("SAVE Plan") from the SAVE Rider to base rates, i.e., a total increase in rates of \$86.6 million.
- The average increase in class distribution rates as proposed by Washington Gas is between approximately 24% to 42%, including the roll-in of the SAVE Rider. However, the largest increases proposed by Washington Gas are to the Large Commercial and Industrial, Group Metered Apartment Heating/Cooling, Group Metered Apartment Large and Interruptible customer classes.
- Reminder, in Virginia the requested rates went into effect November 26, 2022, on an interim basis subject to refund.
- Hearings are scheduled to begin May 1<sup>st</sup>.

[Case No PUR-2022-00054, Witness RAL,, Schedule 42, page 3 of 7](#)



## Washington Gas D.C. Rate Increase

- Washington Gas has requested a \$53.0 million annual revenue increase, which represents an average increase in distribution service charges for firm service customers of 34.3%. This is the largest single rate increase ever requested by Washington Gas in the District.
- The impacts on customers' bills will be compounded by recent large percentage increases in natural gas commodity costs. If WG's proposals are approved as presented, many C&I, GMA, and Interruptible Service customers will see much larger increases in their bills for natural gas.
- Washington Gas is proposing larger increases on our members than on residential customers. Washington Gas is proposing approximately 31% to over 52% increases for Commercial and Industrial and GMA customers.
- Hearings are scheduled to begin March 20<sup>th</sup>. A decision is expected late Summer 2023.

[Direct Testimony of Bruce Oliver and Tim Oliver](#)

[Formal Case No 1169, Exhibit WG \(O\)-1, Schedule C, page 1 of 4.](#)



## Washington Gas files Projectpipes 3 Plan in the District

- Washington Gas (“WG” )filed an application for its Projectpipes 3 Plan on December 22, 2022, in the District of Columbia requesting approval of a 5-year plan at a cost of \$671.8 million.
- On March 31, 2014, the DC PSC approved the first 5 years of WG’s 40 year Accelerated Pipe Replacement Plan. On December 11, 2020, the DC PSC approved a modified version of WG’s Pipes 2 Plan which covered the period of January 1, 2021, through December 31, 2023. The Pipes 2 Plan had a spending cap of \$150 million over 3 years.
- Washington Gas now seeks to recover the costs with its Pipes 3 Plan through an approved PROJECTpipes surcharge mechanism for the period of January 1, 2024, through December 31, 2028, at an estimated total cost of \$671.8 million.
- The DC PSC issued a Public Notice and invited interested parties to file comments. AOBA is reviewing the Company’s filing in order to determine the best way for AOBA to proceed.

[Washington Gas FC 1175 Application](#)





## More questions about this Bill and the Impact?

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